



Federal Tax Credits for Vehicles, CNG Fueling Infrastructure and CNG Fuel

- Section 1341 of the Energy Policy Act of 2005 provides a tax credit to buyers of new dedicated alternative fuel vehicles beginning January 1, 2006. Find more information at: [Alternative Motor Vehicle Credit](#), [Drive Clean](#), or [IRS Hybrid Cars and Alternative Fuel Vehicles](#) (links open in new browser window)
- Section 1342 of the Energy Policy Act of 2005 provides a tax credit equal to 30% of the cost alternative refueling property, up to \$30,000 for business property. See the [Alternative Fuel Infrastructure Tax Credit](#)
- Section 1113: of the Transportation Equity Act (HR3) provides a volumetric excise tax credit to the seller of natural gas (CNG or LNG)
- The incentive is 50 cents per gallon of CNG or LNG (to sellers or retailers). The credit must be taken first as an offset of excise taxes that would otherwise be owed, and then can be taken as a refundable credit.
 - CNG excise tax is currently 18.3 cents per gge
 - LNG excise tax is currently 24.3 cents per LNG gallon
- To for-profit entities, the “net” credit for CNG is currently 31.7 cents per gge, and 43.37 cents per diesel gallon equivalent (dge) of LNG (1.7 gals of LNG ≈ 1 gallon of diesel.) Many tax exempt entities may be eligible to apply for a payment that is essentially a refund of the full 0.50 per gallon (or GGE) incentive.

The excise fuel tax credit included in the Transportation Equity Act expired December 31, 2009 but was extended for the year 2011 as part of the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010, and makes them retroactive for 2010, subject to filing related claims by August 1, 2011.

Light-duty natural gas vehicles tend to cost \$4,000 to \$8,000+ more than a gasoline-powered vehicle. The cost of medium and heavy-duty vehicles is largely dependent on the type of vehicle and the number of fuel storage cylinders. Frequently, financial incentives and tax credits are available from local, state and federal agencies to help offset the initial higher premium. Additional benefits may include access to carpool or High Occupancy Vehicle (HOV) lanes with a single occupant and bridge toll waiver.

To learn more specifics about natural gas vehicles and gCNG® call 888-FGFUELS. (888-343-8357) or send us an email: greenfuels@buycng.com

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